

## Economic Recovery Reserve Fund

The Economic Recovery Reserve Fund was established by HB 264 during the 2003 legislative session. This bill temporarily raised the cigarette tax from 28 to 57 cents/pack for the period June 1, 2003 through June 30, 2005. During FY 2004 most of the additional revenue generated by the increase (\$22,186,400) went to the General Fund. During FY 2005, most of the additional revenue (\$22,043,900) went to a newly created Economic Recovery Reserve Fund.

During the 2005 session the Legislature decided to make the temporary increase permanent (HB 386). Revenue generated by the increase will continue to go to the Economic Recovery Reserve Fund until July 1, 2006. Effective that day the revenue will go to the Permanent Building Fund and be dedicated toward restoration of the State Capitol Building. Also on that day cigarette tax revenue that used to go to the General Fund, about \$8.0 million a year, will start going to the Permanent Building Fund. After the Capitol restoration project is funded the receipts are to once again go to the Economic Recovery Reserve Fund.

During the 2006 session the Legislature authorized the Idaho Capitol Commission to modify its Master Plan for the Capitol restoration project to include the construction of two-story garden level atrium additions to the project (HCR 47). The entire project is estimated to cost \$113.5 million. Since the cigarette tax is expected to distribute about \$30.0 million a year to the Permanent Building Fund, it will probably be at least four years (FY 2011) before revenue begins to flow back into the Economic Recovery Reserve Fund. The table below compares the Governor's recommended uses of the Economic Recovery Reserve Fund to Legislative action for both FY 2006 and FY 2007.

	<b>Executive Budget</b>	<b>Legislature's Approp.</b>	<b>Difference</b>
<b>FY 2006:</b>			
<b>Revenues:</b>			
Beginning balance	\$22,043,900	\$22,043,900	\$0
Cigarette tax receipt estimates	22,889,600	22,289,600	(600,000)
Transfer from the General Fund	63,200,000	11,500,000	(51,700,000)
Transfer to the Permanent Building Fund (Capitol restoration)	0	(2,000,000)	(2,000,000)
<b>Total Receipts and Transfers</b>	<b>\$108,133,500</b>	<b>\$53,833,500</b>	<b>(\$54,300,000)</b>
<b>Expenditures:</b>			
Appropriation for the 27th payroll	\$16,534,600	\$16,534,600	\$0
Appropriations to State Departments for one-time items	1,966,400	1,966,400	0
Reversion of unspent 27th payroll funds	0	(529,200)	(529,200)
Energy assistance payments	63,564,700	0	(63,564,700)
<b>Total Expenditures</b>	<b>\$82,065,700</b>	<b>\$17,971,800</b>	<b>(\$64,093,900)</b>
<b>Projected Ending Balance</b>	<b>\$26,067,800</b>	<b>\$35,861,700</b>	<b>\$9,793,900</b>
<b>FY 2007:</b>			
<b>Revenues:</b>			
Beginning balance	\$26,067,800	\$35,861,700	\$9,793,900
Transfer from the General Fund (for economic development)	0	23,864,200	23,864,200
<b>Total Receipts and Transfers</b>	<b>\$26,067,800</b>	<b>\$59,725,900</b>	<b>\$33,658,100</b>
<b>Expenditures:</b>			
Replacement Capital Outlay	\$14,749,900	\$14,293,200	(\$456,700)
Dept. Health & Welfare Medicaid Management Info. System	1,455,100	0	(1,455,100)
Nondiscretionary and Line Item decision units	9,861,900	9,822,900	(39,000)
Economic development package	0	35,364,200	35,364,200
<b>Total Expenditures</b>	<b>\$26,066,900</b>	<b>\$59,480,300</b>	<b>\$33,413,400</b>
<b>Projected Ending Balance</b>	<b>\$900</b>	<b>\$245,600</b>	<b>\$244,700</b>